

# Grantee Rules on Obligations and Expenditures

Division of Energy Assistance  
Office of Community Services  
Administration for Children & Families  
U.S. Department of Health and Human Services



ADMINISTRATION FOR  
**CHILDREN & FAMILIES**

# Agenda

- Overview: Knowing the Differences
- Scenarios
- Questions



# Overview: Knowing the Differences

This section reviews the differences between obligations and expenditures.

# What is the Difference?

- Obligations (Commitments/Agreements)
  - Commitment of funds for specific use
  - Should be defined in writing
- Expenditures (Payments)
  - Payment of funds
  - Should be defined in writing



# What is the Difference? (continued)

- All financial rules for LIHEAP focus on obligations
  - Up to each state or tribe to determine how to define obligations within their financial manuals
  - Since obligation definitions can be different, all grantees need a firm understanding of obligations set forth in their manuals
- 45 CFR 96.30(a)
  - Requires that in the absence of specific federal guidance, grantees treat LIHEAP funds in the same manner as they would state/tribe/territory funds
  - Definition governs that obligations for state general funds must be used for LIHEAP funds

# Obligation Time Period

- Obligated Funds
  - **90% of funds** payable must be obligated in the federal fiscal year in which they were received
- Carryover Funds
  - **10% of funds** may be carried over for obligation in the following fiscal year

## Example

Received in **federal fiscal year 2017**

Obligated between  
Oct. 1, 2016 and Sept. 30, 2017

## Example

Received in **federal fiscal year 2017**

Obligated between  
Oct. 1, 2016 and Sept. 30, 2017

# Expenditure Time Period

- Available Funds
  - If no time frame is specified, all federal funds remain available for five fiscal years after the fiscal year in which they were awarded
    - Funds only available for draw-down if they were obligated within the time frame set by the LIHEAP Statute
    - Funds are only available for expenditure, not re-obligation
- Expired Funds
  - After 5 years, funds expire and are sent back to the U.S. Treasury



**IMPORTANT:** LIHEAP statute and regulations do not specify a time frame.



# Scenarios

This section uses group discussion to work together through several scenarios related to obligations and expenditures.



# Scenario 1

	Grantee ABC	Local Agency A	Local Agency B	Local Agency C
<b>Administrative Costs</b>	\$100,000	\$20,000	\$20,000	\$20,000
<b>Weatherization</b>	\$150,000	\$50,000	\$50,000	\$50,000
<b>Cooling</b>	\$100,000	\$34,000	\$33,000	\$33,000
<b>Assurance 16</b>	\$50,000	\$20,000	\$20,000	\$10,000
<b>Heating</b>	\$450,000	\$150,000	\$150,000	\$150,000
<b>Crisis</b>	\$100,000	\$30,000	\$30,000	\$40,000
<b>Awarded</b>	\$1,000,000	\$304,000	\$303,000	\$303,000
<b>Obligated</b>	\$950,000	\$304,000	\$303,000	\$290,000
<b>Remaining</b>	\$50,000	\$0	\$0	\$13,000

# Scenario 1: Questions

- Does Grantee ABC have any unobligated amounts as of September 30, 2012?
  - Yes
- What is that amount?
  - \$63,000

\$50,000 remaining (originally unobligated)  
+ \$13,000 returned from Local Agency C  
= \$63,000 unobligated amount

# Scenario 1: Questions

- Is this amount appropriate to carry over into FY13?
  - Yes
- Why?
  - The maximum amount Grantee ABC could carry over into FY13 is \$100,000 (which is 10% of Grantee ABC's award amount of \$1 million).
  - Because Grantee ABC has an unobligated balance of \$63,000, Grantee ABC is below the maximum.

# Scenario 2

Grantee ABC			
Administrative Costs	\$70,000	Assurance 16	\$35,000
Weatherization	\$105,000	Heating	\$275,000
Cooling	\$70,000	Crisis	\$80,000
			<b>Awarded</b>
			<b>\$700,000</b>
			<b>Obligated</b>
			<b>\$635,000</b>
			<b>Remaining</b>
			<b>\$65,000</b>

Vendor #1		Vendor #2		Vendor #3	
Date	Amount	Date	Amount	Date	Amount
12/10/13	\$182	12/02/13	\$200	04/02/14	\$600
03/06/14	\$126	02/28/14	\$193	05/14/14	\$285
04/20/14	\$85	04/29/14	\$284	05/28/14	\$273
06/19/14	\$200	05/02/14	\$185	07/23/14	\$190
09/28/14	\$104	09/14/14	\$90	09/25/14	\$24

# Scenario 2: Questions

- Does Tribal Grantee ABC have any unobligated amounts as of September 30, 2014?
  - Yes
- What is that amount?
  - \$68,021

\$65,000 remaining (originally unobligated)  
+ \$697 returned from Vendor #1  
+ \$952 returned from Vendor #2  
+ \$1,372 returned from Vendor #3  
= \$68,021 unobligated amount

# Scenario 2: Questions

- Is this amount appropriate to carry over into FY15?
  - Yes
- Why?
  - The maximum amount Tribal Grantee ABC could carry over into FY15 is \$70,000 (which is 10% of Tribal Grantee ABC's award amount of \$700,000).
  - Because Tribal Grantee ABC has an unobligated balance of \$68,021, Tribal Grantee ABC is below the maximum.

# Scenario 3

	Grantee ABC	Local Agency A	Local Agency B	Local Agency C
<b>Administrative Costs</b>	\$100,000	\$20,000	\$20,000	\$20,000
<b>Weatherization</b>	\$150,000	\$50,000	\$50,000	\$50,000
<b>Cooling</b>	\$100,000	\$34,000	\$33,000	\$33,000
<b>Assurance 16</b>	\$50,000	\$20,000	\$20,000	\$10,000
<b>Heating</b>	\$450,000	\$150,000	\$150,000	\$150,000
<b>Crisis</b>	\$100,000	\$30,000	\$30,000	\$40,000
<b>Awarded</b>	\$1,000,000	\$304,000	\$303,000	\$303,000
<b>Obligated</b>	\$950,000	\$304,000	\$303,000	\$276,000
<b>Remaining</b>	\$50,000	\$8,000 W \$3,000 C \$12,000 H	\$0	\$10,000 W \$2,000 C \$15,000 H

# Scenario 3: Questions

- Does Grantee ABC have any unobligated amounts as of September 30, 2014?
  - Yes
- What is that amount?
  - \$100,000

\$50,000 remaining (originally unobligated)  
+ \$23,000 returned from Local Agency A  
+ \$27,000 returned from Local Agency C  
= \$100,000 unobligated amount



# Scenario 3: Questions

- Is this amount appropriate to carry over into FY15?
  - No
- Why?
  - Although the grantee's carryover amount is 10% of the total amount funded, the State rule is that all funding must be 100% obligated in the first year in which the funding is received.
  - Because the grantee did not obligate all funds in FY14, he or she would be required to return those funds to LIHEAP.

# Scenario 4

Grantee CDE			
<b>Administrative Costs</b>	\$90,000	<b>Assurance 16</b>	\$45,000
<b>Weatherization</b>	\$135,000	<b>Heating</b>	\$280,000
<b>Cooling</b>	\$160,000	<b>Crisis</b>	\$100,000
<b>Awarded</b>			\$900,000
<b>Obligated</b>			\$790,000
<b>Remaining</b>			\$110,000 H

Vendor #1	Vendor #2	Vendor #3
\$37,000	\$45,000	\$28,000

# Scenario 4: Questions

- Does Tribal Grantee CDE have any unobligated amounts as of September 30, 2014?
  - Yes

# Scenario 4: Questions

- Is this practice appropriate?
  - Yes and no.
    - The \$90,000 that Tribal Grantee CDE originally intended to carry over into FY15 is appropriate.
    - However, the \$110,000 that Tribal Grantee CDE sent to vendors on September 3, 2014, not based on actual client benefit needs, is not appropriate.
    - If the tribe chooses to continue to pre-pay benefits, pre-payment amounts should be determined based on a forecast of actual need within the time frame of the grant.
    - Tribal Grantee CDE must also track and reconcile client accounts to ensure that they are actually receiving benefits within an allowable time frame and to ensure that vendors are not being overpaid.

# Scenario 4: Questions

- What is the amount Tribal Grantee CDE can carry over into FY15?
  - \$90,000

# Scenario 5

	Grantee XYZ	Local Agency A	Local Agency B	Local Agency C
<b>Administrative Costs</b>	\$120,000	\$30,000	\$30,000	\$30,000
<b>Weatherization</b>	\$300,000	\$150,000	\$150,000	\$0
<b>Cooling</b>	\$450,000	\$150,000	\$150,000	\$150,000
<b>Assurance 16</b>	\$60,000	\$20,000	\$20,000	\$20,000
<b>Heating</b>	\$0	\$0	\$0	\$0
<b>Crisis</b>	\$200,000	\$50,000	\$50,000	\$50,000
<b>Awarded</b>	\$1,200,000	\$400,000	\$400,000	\$250,000
<b>Obligated</b>	\$1,130,000	\$370,000	\$400,000	\$240,000
<b>Remaining</b>	\$70,000	\$30,000 C	\$0	\$10,000

Vendor #1		Vendor #2		Vendor #3	
Date	Amount	Date	Amount	Date	Amount
12/10/13	\$182	12/02/13	\$200	04/02/14	\$600
03/06/14	\$126	02/28/14	\$193	05/14/14	\$285
04/20/14	\$85	04/29/14	\$284	05/28/15	\$273
06/19/14	\$205	05/02/15	\$185	07/23/15	\$190
09/28/15	\$104	09/14/15	\$90	09/25/15	\$24

# Scenario 5: Questions

- Does Grantee XYZ have any unobligated amounts as of September 30, 2014?
  - Maybe.
    - Because the contract period is for 2 years, it is impossible to determine what was obligated in Year 1 versus Year 2.
    - However, Grantee XYZ received refunds in the first year in the amount of \$2,160.
    - Grantee XYZ may have re-obligated the refund amounts in the first year or carried them over into FY15 if the amount would not have exceeded the 10% limit.

# Scenario 5: Questions

- At the end of the contract period (September 30, 2015), Local Agency A returned \$30,000 and Local Agency C returned \$10,000 to Grantee XYZ. Can Grantee XYZ re-obligate those funds?
  - No.
- Why?
  - Grantee XYZ cannot re-obligate those funds because the funds are outside of the two-year obligation period.



# Questions?

